

ASSEMBLY BILL

No. 880

Introduced by Assembly Member Diaz

February 20, 2003

An act relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 880, as introduced, Diaz. Taxation: temporary employment agencies.

The Sales and Use Tax Law authorizes the imposition of an excise tax for the privilege of selling tangible personal property at retail, and an excise tax for the privilege of using, consuming, or storing tangible personal property in the state.

This bill would set forth legislative findings and declarations and state the intent of the Legislature to enact a program to impose an excise tax on temporary employment agencies for the privilege of employing temporary workers.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares the
2 following:

3 (a) Over the last decade, temporary employment has grown
4 rapidly as a form of workforce organization. Between 1993 and
5 1998, employment growth in the temporary help industry has been
6 as great as employment growth in the software and electronic
7 component manufacturing industries combined.

1 (b) This expansion of temporary or contingent work has serious
2 consequences for California families and for cities and counties
3 that are providers of health, social, and community services.
4 Temporary workers are much less likely than permanent workers
5 to earn a living wage, to receive health insurance on the job, or to
6 have a retirement program. They experience high degrees of
7 instability in income. As a result, they are more likely to be
8 dependent on local services for health care, for housing support,
9 and for child care and youth services programs. Because of their
10 unreliable income stream, they are vulnerable to homelessness.

11 SEC. 2. It is the intent of the Legislature to enact a program
12 that would require temporary employment agencies to pay a tax to
13 partially compensate local governments for the services the
14 governments must provide to the particularly vulnerable group of
15 California temporary workers.

